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Reform of the currency

Washington

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REFORM OF THE CURRENCY.

It can almost be said that the advance of the country has been due to the ingenuity of its bankers and business men, by their checks, drafts, and clearing-house certificates, in spite of Government hoarded money and inelastic currency.

Scientific methods in every department have increased beyond calculation. They have added immeasurably to the productiveness of farms and mines, to the capacity of manufactories, and the facilities of our railroads and steamships. A compromise, makeshift, and unscientific system of finance retards our development at home and our equality abroad. The time has been ripe for years for reform, and the remedy should come as quickly and completely as is the testimony of its needs and the evidence of the ways and means for its accomplishment.

SPEECH

OF

HON. CHAUNCEY M. DEPEW,

OF NEW YORK,

IN THE

SENATE OF THE UNITED STATES,

Monday, February 25, 1907.

WASHINGTON.
1907.

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SPEECH

OF

HON. CHAUNCEY M. DEPEW.

The Senate having under consideration the following resolution:

"*Resolved*, That the Committee on Finance be authorized to investigate and report what legislation, if any, may be necessary in relation to the deposit of public moneys and the issue of currency to prevent conditions of abnormal and dangerous rates of interest at certain periods of the year and provide such elasticity in the currency that it will be more responsive to the conditions of business"—

Mr. DEPEW said:

Mr. PRESIDENT: I know of no legislation more important than the passage of measures for the relief of our monetary conditions, and to give greater elasticity to our currency. Our whole industrial and commercial fabric rests necessarily upon a financial policy and practice in accord with sound principles. No one pretends that our present method of hoarding public money and keeping it out of use and circulation is either wise or economical. Everyone conversant with affairs admits the need of more elasticity in our currency. We have been doing business, and almost miraculously succeeding in it, upon makeshifts brought about by political bitterness and party passion on the one hand and a device to meet an immediate financial crisis on the other.

A brief review of the situation will demonstrate our condition and its needs. There is an almost passionate feeling in the country that we should become a world power in all that phrase means. In national wealth, in marvelous productiveness, in agriculture and manufacture, in ability to command markets by the genius, skill, and industry of our citizens, and in the unparalleled opportunities which are here afforded, we are in a commanding position. We are isolated from attack and invulnerable because of our situation and resources.

Our Navy commands peace and our diplomacy has been brilliantly effective in maintaining it, but the flag upon our battle ships is about the only evidence in the ports and harbors of the world of our ability as a sea power. Our commerce is carried under alien flags and in foreign ships, whose officers are necessarily more friendly to their own people than to ours. No nation can hold a first place whose goods and mails are depend-

ent upon foreigners for transportation; but, apart from that and for immediate consideration, we must deal with a Chinese wall and triple-barred gates, built about that natural flow of money to meet industrial and commercial necessities, which prevent our having the place which our resources should command of financial supremacy. Passion, rather than a careful study of the lesson of successful practices in other highly developed countries, has governed our legislation.

Alexander Hamilton was one of the most marvelous creative geniuses the world has ever known. At 17 he so clearly stated the underlying principles of the American Revolution as to command the attention of all the colonies; while not yet 30 his contributions to the Federalist remain still a guide and text-book, and his labors in the New York Convention and the Constitutional Convention contributed more than those of any other to the Constitution of the United States.

When Robert Morris, the Philadelphia banker, was patriotically financing the Revolution, Hamilton, then in the army and only 23, formulated a plan which if adopted would have prevented the collapse of the Continental currency. When he became Secretary of the Treasury, in the cabinet of General Washington, he devised our system for treasury and customs, which has expanded, but has not been altered from his day, and made the report to Congress upon manufactures which has been the basis of all tariff legislation and of development under the tariff from his day until ours. He saw, with the prophetic vision with which he was gifted, that a country like ours, of undeveloped resources, must have a system of protection until it should be self-sustaining in every department. He saw that the country, with its vast undeveloped wealth in forests, mines, and agriculture, and its limitless possibilities in manufactures, must, to attain perfect results, have a sound and scientific financial system, both as regards the money collected by the Government and the issue of currency.

At this point, unhappily, came the breach between the ideas of Hamilton and Jefferson, which has retarded our growth, antagonized the people at different times for a century, and, culminating in the civil war, in an undreamed-of centralization of power, continues still to vex our politics and our policies.

The first national bank was the product of the teachings of Hamilton, and during its existence a most efficient help to both the Government and the people. The persistent opposition of Jeffersonian principles refused it a new charter, though its enemies, who declared the whole legislation which created it vicious and unconstitutional, did not hesitate when in power to put into the Treasury the $573,000 profit which the Government

made by the sale of the stock the Government owned, through an advance of 28.7 per cent upon the original investment, because of the admirable management and beneficent influence of the bank.

It took a panic, which shattered the credit of the Government and ruined the business of the people, to bring about the organization of a second national bank. This, like the first, was founded upon sound principles, and proved to be a great success. Through it the money collected from the people for customs and taxes was available for the people's use. Through it and its branches the Government had an agency by which it could use its credit to advantage for a market for Government bonds at an advantageous rate of interest. Through it the people had a circulating medium which contracted and expanded according to the necessities of trade; but Jeremiah Mason, standing beside Daniel Webster in reputation and ability, as president of a branch bank at Portsmouth, N. H., incurred the hostility of the Jethro Bass of that period, if I may quote from Winston Churchill's novel, and he immediately declared war upon the national bank. Practical politicians, impractical theorists, and ambitious statesmen saw in this question an opportunity to create a popular issue against corporate wealth.

Andrew Jackson, one of the strongest characters in our public life, a man of dauntless courage, audacity, and ineradicable prejudices, was made to believe by these strong and able men about him that the bank had been made a political machine for his overthrow. After four years of determined warfare he drove the bank out of business. Then came the panic of '37, in which practically the whole country was sold under the hammer. Then we had the device of State banks for the deposit of public moneys and for circulating medium under charters which differed as widely as the States, until by the failure of many of such banks, which were often speculative political enterprises, the Government lost large sums of money and the business of the country was deranged. Then we had the subtreasury scheme for locking Government money up and so far as national legislation was concerned the States were left to themselves to provide currency. Wise scientific methods were adopted in New England, under the Suffolk bank system, in New York and Indiana and in some other States, but in still other States there was wild-cat banking and the so-styled yellow dog and pup currency, always uncertain and often of no value, which demoralized business everywhere, and when the panic of '57 came there were no banking means of preventing or controling it.

When it became necessary for the preservation of the nation

during the civil war, that money should be had for carrying it on, our helplessness, because we had no financial or banking machinery which the government could use, nearly lost us the battle. From the necessities of the hour the present system of national banking was inaugurated mainly for the purpose of creating a market for the sale of the bonds of the Government. To still further provide money the Government issued an irredeemable currency which fluctuated between par and 40 cents on the dollar, and under it the war cost a thousand millions of dollars more than if we had been upon a proper basis.

When the civil war closed we had for our industrial and financial necessities in the upbuilding from its ravages the system of locking up Government money, and issuing an irredeemable currency. The wildest speculation of our time ensued and then followed the panic of 1873, the most disastrous, the most revolutionary, the most ruinous which any civilized country has experienced, and at the same time helpful in its results. But time has demonstrated that no mistakes of legislation or of unwise practice by the Government can permanently check our national development with our limitless resources and opportunities, and our people possessing the ability to adapt themselves to any conditions and the energy to rise triumphant out of difficulties and misfortunes.

Our lessons are not to be derived from the marvels done, but the greater marvels possible if we had been wise. The wheat fields of the West, and the mines in the mountains and in the bowels of the earth were productive with primitive appliances and hand-power, but it is invention, steam, and electricity, which have brought about present results in spite of the deficiencies of our fiscal system and its unscientific methods.

Ever since the destruction of the national bank by the refusal to renew its charter and the fierce political controversies which followed there has been a prejudice against banks and bankers. It is still too strong to revive in any form the old national bank. Ignorance on this subject has been the fruitful source of a library of loose literature.

As illustrating how little of sensible discussion and how much of bitter politics only there was in the debate on the question of the renewal of the charter of the national bank, I quote from the remarks of Congressman Desha, of Kentucky, who said:

The question was whether we will foster a viper in the bosom of our country that will spread its deadly venom on the land and finally affect the vitals of our republican institutions, or whether we will, as is our

duty, apply the proper antidote by a refusal to renew the charter, thereby checking the cankering poison. He thought the bonus offered by the bank was a bribe offered to the nation. He had no doubt that George III was a principal stockholder in the bank, and that the English monarch regarded it as an instrument in effecting his nefarious purposes against the United States, and would bid up several millions of dollars rather than not to have the charter renewed. This is a safer method than encountering Americans in arms. Of that we made him extremely tired when we were in a state of infancy.

Old George the Third was at that time a lunatic.

A member of the committee on banks in the New York legislature, who was engaged in other business where he required the use of his credit to furnish him with capital, and this capital could only be had from the banks, seriously inquired of me whether it would not be both justifiable and wise to enact a law to compel banks to discount notes but prohibit their charging interest.

First, as to Government deposits. The practice has so far relaxed as to permit receipts coming from other sources than customs to be deposited in the banks. The customs receipts, however, which last year were over three hundred millions of dollars, are immediately locked up and that currency taken out of circulation. There are times when this hoard of the circulating medium amounts to two hundred and sixty millions of dollars. It is never less than twelve millions, and the average is greatly in excess of this minimum.

The Secretary of the Treasury in times of great financial disasters from want of currency takes out a portion of this money and deposits it temporarily in banks which are Government depositories. It is done under a power which has been questioned. There should be no question whatever upon a transaction of this nature. It should not rest absolutely in the discretion of any one man, no matter how able, how pure, or how great, to contract or expand the currency. This power has never been abused, but there is always the possibility of scandal even when not abused. The market responds instantly and prior knowledge means a fortune.

In every civilized country except ours money, when collected by the government, is immediately deposited in the banks. There is no disturbance whatever in the natural flow of the current. Suppose the one hundred and thirty millions of dollars which are collected in October and November in New York City should be locked up; suppose this practice should prevail in every city, village, and town in the United States. The disastrous consequences to business would be beyond calculation. There can be no question as to the safety of these deposits. If there was the Government would have no right to make any at

all. Under our national banking system failures are few in proportion to the number of banks and the amount of deposits. It is possible always to secure the Government, and it is a remarkable fact that the few banks which have failed have paid an average of 78 per cent to all classes of their creditors; but, with the rigid examinations now in force and the penalties which are provided for neglect or mismanagement, it is almost impossible for a bank to fail. The adoption of the practice by the Government, which prevails in the fiscal transaction of every city, village, and township, would at once give a measure of relief by preventing arbitrary contraction, bad at all times, and in periods of financial stringency periling the whole fabric of credit.

The currency of other countries are bank notes and gold and silver coin, but we have one thousand five hundred million dollars of gold certificates, five hundred million dollars of silver certificates, three hundred and fifty million dollars of greenbacks, and five hundred million dollars of bank notes secured by the deposit of Government bonds with the Government. These silver certificates are a reminder of the crises and crazes through which we have passed, of the fallacies of fiat money and fluctuating silver as a standard of value, which nearly captured the country in the frenzied efforts to make it so. It is safe to say that with a scientific system of currency circulation we never would have had the fiat money and silver delusions which came near wrecking our industries and destroying our prosperity.

We are the only one of the highly organized financial and industrial countries which has a currency absolutely inelastic; a currency which responds in no way to the requirements of business or to the needs of the people. Our interest rates fluctuate from 1 per cent to 125 per cent per annum, but the volume of our currency never changes. In England, France, Germany, Scotland, and Canada the volume of currency contracts or expands automatically according to the needs of business, while interest rates never fluctuate more than 2 or 3 per cent.

The German banks have a currency based upon assets, which, up to one hundred and thirty-five millions, are untaxed, and beyond that subject to a tax of 5 per cent. During most of the year the amount issued is less than the untaxed limit, and it is rare that it exceeds it. If it does it is only for an emergency which may last a week or less. There is no effort on the part of the bank to put the currency out or call it in, but it goes out or is redeemed as business requires. The same is true with France, where the currency is not taxed to the authorized limit

of one thousand four hundred millions of dollars, and the amount issued has never reached anywhere near this limit. The volume of it contracts or expands automatically according to the requirements of the people. In Canada the banks are authorized to issue a credit currency based upon their assets to 100 per cent of their capital. This currency is taxed less than 1 per cent for the purpose of furnishing a guaranty fund for banks which may fail. The amount of notes outstanding has never been equal to the limit authorized. In the fall conditions exist the same as with us. Then there is a marked increase in the amounts paid out by the banks. When the emergency is over and the demand ceases the notes return to the banks for redemption and the circulation is decreased by that amount. Under these systems the average life of the notes of France and Germany is about ten days; of Scotland, eighteen days; of the Canadian banks, thirty days, while the notes of our national-banking system remain out on an average of seven hundred and thirty days or two years. The limited time that the notes remain out in countries which have a scientific system of banking indicates its immediate response to the needs of the community.

The fact that our currency remains out until the paper is used up shows that it does not respond at all to the fluctuating demands of our business. In all great manufacturing and producing countries the conditions are practically the same, only differing in degree. On account of the extent of our territory, the volume and variety of our products, and the tremendous volume of our internal commerce, the demand fluctuates much more widely than in these older countries. Commencing with the cotton crop in the South and continuing with wheat and corn in the West and Northwest, farmers require currency with which to pay their help and conduct their harvesting operations. This demand is estimated at anywhere between one hundred and fifty and two hundred millions of dollars. The local bank has a part of its reserve with its reserve agents in reserve cities, and they have part of their reserve in the central reserve cities of New York, Chicago, and St. Louis. The demand for the currency made by the farmer at his local institution goes to these reserve banks and then to the reserve cities of New York, Chicago, and St. Louis. The demand must be responded to immediately, and this vast sum of currency is taken out of these centers and shipped bodily for distribution all over the country. As it comes out of the reserve of lawful money it results in the contraction of credits to four times the amount called for, which in no case will be less than six hundred millions and which often reaches eight hundred millions of dollars.

No wonder when this contraction of eight hundred millions of credit takes place and demand loans are called in and accommodations refused that money rises by leaps and bounds to 10, 20, 50, and 100 per cent a year. The usurer has his opportunity, the bank which is run for speculative purposes reaps its harvest, business contracts, disasters come, houses which require credit and are entitled to it can not secure loans, the wheels of industry slacken, the worker's time is reduced, and the effects reach every home, from the banker to the merchant, from the merchant to the manufacturer, and from the manufacturer to the farmer and the artisan.

When the crop harvest is over and the farmer receives his money he deposits it in the country bank and the reverse process is gone through. It is returned to the reserve cities first and then to the central reserve cities of New York, Chicago, and St. Louis. In the effort to put out this redundancy, interest rates go down to 1 and 2 per cent, there is a carnival of speculation and a subsequent harvest of disasters and distrust.

This has occurred year after year since the civil war. It increases with the growth of business. It is the incident, not the accident, of our banking system, but politics, ancient and modern, and century-old prejudices, accentuated by demagogues and doctrinaires, have prevented any remedies.

The percentage of contraction and expansion in Scotland and Ireland would, if applied to our currency, be $90,000,000, and in Canada, so applied, would be $165,000,000 yearly—quite sufficient for our needs. We are out of competition for leadership in the world's markets and controllership of the world's financial transactions. The old world will be fearless of the advance in our material interests so long as there is no corresponding progress and development in our financial system and tools of trade and commerce.

The recommendations from the committee of the Associated Bankers of the United States and from the Chamber of Commerce of New York are substantially the same, and are as follows:

First. Any national bank having been actively doing business for one year and having a surplus fund equal to 20 per cent of its capital shall have authority to issue credit notes as follows, subject to the rules and regulations to be determined by the Comptroller of the Currency:

(*a*) An amount equal to 40 per cent of its bond-secured circulation, but not to exceed 25 per cent of its capital, subject to a tax at the rate of 2½ per cent per annum upon the average amount outstanding. *Provided*, that if at any time in the future the present proportion of the total outstanding unmatured United States bonds to the total capitalization of all going national banks shall diminish, then the authorized issue of credit notes shall be increased to a correspondingly greater percentage of its bond-secured notes.

(*b*) A further amount equal to 12½ per cent of its capital, subject to a tax at the rate of 5 per cent per annum upon the average amount outstanding in excess of the amount first mentioned.

The total of credit notes and bond-secured notes shall not exceed the capital.

Second. The same reserves shall be carried against credit notes as are required by law to be carried against deposits.

Third. The taxes provided upon credit notes shall be paid in gold to the Treasurer of the United States, and shall constitute a guaranty fund for the redemption of notes of failed banks, and for the payment of the expenses of printing and the cost of redemption. In order that the guaranty fund may be ample from the beginning, any bank making application to take out credit notes for issue shall deposit with the Treasurer of the United States in gold an amount equal to 5 per cent thereof. The unused portion of this initial payment shall be an asset of the contributing banks, respectively, and shall be refunded from time to time when this may be done without reducing the guaranty fund below an amount equal to 5 per cent of the credit notes taken out.

Fourth. The Comptroller of the Currency shall designate numerous redemption cities conveniently located in the various parts of the country. Through the agency of the banks in such cities adequate facilities shall be provided for active daily redemption of credit notes.

Fifth. The provision of existing law limiting the retirement of bond-secured notes to $3,000,000 per month shall be repealed.

Sixth. All public moneys above a reasonable working balance, from whatever source derived, shall be currently deposited from day to day in national banks without requiring collateral security or special guaranty therefor, but in no case shall the balance carried with any bank exceed 50 per cent of the capital thereof. All banks receiving such public moneys on deposit shall pay into the United States Treasury interest thereon at the rate of 2 per cent per annum.

It is well to consider what are the claims to consideration by Congress of the gentlemen who ask this legislation—what do they represent, and what is their expert knowledge? They are the Chamber of Commerce of New York and associated bankers of the country.

The Chamber of Commerce is the oldest commercial organization in the United States. For more than a century it has worked for the best interests of our internal and foreign commerce. It includes in its membership leaders in every department of commercial and industrial activity. Their names are synonymous with banking, mercantile, and manufacturing probity and success in our own country and abroad. Citizens from every State in the Union are in its councils and participate in its deliberations.

The crisis became so acute and the peril so great last year, with money ruling over 100 per cent, that the New York Chamber of Commerce was moved as rarely ever before to consider the causes of the trouble and their remedies. After an inquiry covering the whole field of financial legislation in the United States and currency conditions in Europe and Canada, the Chamber of Commerce came unanimously to the conclusions substantially embodied in the recommendations which I have stated. The efficiency, the success, and the solvency of our national banks demonstrate the ability and honesty of those who manage them, and a committee representing these six hundred and odd institutions came practically unanimously to the same conclusions. It is rare, from so many independent and able thinkers and practical men, to find such unanimity. It is safe to say that these two bodies voice the best judgment and the highest and most intelligent expression of the people's thought on this grave subject.

Though the banks can now issue currency secured by Government bonds in the Treasury to the full amount of their capital, only 62 per cent of that amount has been issued. The reason is plain, that owing to the price of Government bonds and the expenses incident to the present system currency is not as profitable to many of the banks as other business which they are permitted to do. Bankers and bank directors do not differ from farmers or manufacturers or merchants in the conduct of their affairs. They do not feel authorized to employ the money of their stockholders or risk the cash of their depositors in any enterprise which does not make a profit. Experience has demonstrated that this bond-secured currency, instead of being responsive to commercial needs, fluctuates according to the price of United States bonds in the market. The holdings of the banks represent so large an amount of the national debt that they keep the price of the bonds at present figures, and it would be disturbing to the stability of business and credit if there was a radical change, which would permit or compel the throwing of this volume of Government obligations on the market.

But the proposal of these committees conserves existing conditions and only adds privileges and powers which will enable the banks—in a word, entice banks—to issue additional currency within the limits of the present law, which will be sufficiently elastic to prevent annual perils due to the present unscientific system.

It is conceded that the present currency secured by Government bonds is absolutely and uncontrovertibly safe. The question arises whether credit currency can be equally safe. We can not idly dismiss the experience of nearly one hundred years and the lessons it teaches. That experience has demonstrated that upon the lines of these recommendations credit currency is perfectly safe, that it has never failed either to meet commercial demands or to be redeemed at its face value. Scotland, Ireland, Germany, France, and Canada are living witnesses. We can recall examples from the past in our country. The Suffolk system lasted for about forty years. Through it all banks in New England issued credit currency under a plan by which the Suffolk Bank, of Boston, was the redemption agency. The amount of currency issued by these banks fluctuated widely, according to the monthly needs of the communities where they were situated, but it never reached one-half the amount authorized by law, thus showing that no inflation is possible, because it does not pay, and that issues in this elastic system will go out or come back according to the conditions of commerce.

The State bank of Indiana was a brilliant example in the same direction, and the safety fund banks in New York would have offered no exception, except that the tax intended by its originators to be a safety fund for currency alone was held by the chancellor to apply to all obligations of the banks. It has been estimated that if the currency of the banks which have failed in the forty years of the national banking system had not been secured by Government bonds, but the bill holders were forced to take their chances with other creditors in the general assets of the bank, the loss would have been about five millions of dollars. It has also been estimated in regard to the safety of this credit currency that the tax upon the circulation during the same period, of 1 per cent up to 1900, and one-half of 1 per cent since, if applied as a safety fund, would have yielded nearly ninety millions of dollars with which to meet this five millions of loss. In addition to this guarantee fund nearly twenty times greater than demanded for safety, upon the calculation of averages by which life insurance lives, there is also provided a reserve of 25 per cent in lawful money.

The fact that a tax of 2½ per cent upon the first 25 per cent and 5 per cent upon the balance would make the credit currency unprofitable, except in times of extreme stringency and high rates of interest, would force the return of these notes for redemption as rapidly as the profitable need for their use ceased. Under the present system of bond-secured notes redemption is very slow, because, in the first place, there is a limit allowing only three millions a month to be redeemed, and because of transportation and other expenses; but the new system provides that there shall be numerous redemption agencies with adequate facilities for the active daily redemption of credit notes, that there shall be no expense for transportation to the shipper, and that the redemption agencies shall never be more than twenty-four hours from the issuing bank. All these are elements which insure elasticity by the speed, ease, and inexpensiveness of issue and redemption.

A brief review of the progress of the country during the forty years of our present system presents an illuminating contrast between our country's growth, expansion, and necessities and the ironclad limitations of the system upon which our business depends. Happily for our business and the possibility of conducting it under present conditions, 95 per cent of the vast transactions of trade and production are carried on by checks. They are almost the sole medium in commercial centers. They duplicate and reduplicate in manifold forms the deposits upon which they are drawn. There is no difference in a bank's obligation to its depositor or to its note holder, who equally rely upon the credit of the bank, its management, and its 25 per cent reserve, except that the note holder is better off than the depositor, because he will have a guarantee fund in the hands of the Government which absolutely secures his safety.

The greater the commerce internal and external, the greater the productiveness of the farms and mines, the greater the output of the factories, and the larger the demands upon transportation facilities by rail and water, the more need there is for a sound and scientific financial system upon which these factors of wealth, prosperity, development and employment depend. It can almost be said that the advance of the country has been due to the ingenuity of its bankers and business men, by their checks, drafts, and clearing-house certificates, in spite of Government hoarded money and inelastic currency.

Since 1870 the value of farm properties has increased from nine thousand millions to twenty-seven thousand millions of dollars, and the number of people engaged in agriculture from six millions to nearly twelve millions. Since 1870 the value

of farm products has grown from two thousand millions to seven thousand millions of dollars. From 1870 our railroad mileage has increased from fifty-three thousand to two hundred and twenty-three thousand, or, with double tracks and sidings, to about three hundred and fifteen thousand miles.

Our population has increased from thirty-one and a half millions in 1860 to eighty-five millions in 1906. From the production in 1860 of 821,000 tons of iron, the basis of most manufactures, our iron production has grown to 25,000,000 tons, or nearly one-half of the world's output, and we have made a proportionate advance in steel. From about 50,000,000 of tons of coal in 1860 the production has grown to 425,000,000 in 1906. In petroleum and copper productiveness has been equally marvelous. Petroleum came upon the market at the commencement of the civil war with a limited demand, while now there is an output of 134,000,000 barrels per year; and copper has increased from an inappreciable amount in 1860 to over 420,000 tons in 1906. Our mineral products have advanced from not over $250,000,000 in value in 1870 to $1,400,000,000 in 1906.

We furnish 80 per cent of the world's supply of cotton, and incident to our own use of this and other materials our manufacturing interests have developed from 140,000 manufactories of various kinds in 1860, to over 600,000 in 1906; from 1,311,000 employees to over 6,000,000; the capital in these industries has increased from a thousand millions to fourteen thousand millions, and the value of the product of our manufactories from two thousand millions to seventeen thousand millions of dollars. For forty years we were the debtor nation in imports over exports, but since 1900 we are the creditor nation to the extent of between five and six hundred millions a year, and our foreign commerce has grown from fifteen hundred millions in 1880 to three thousand millions in 1906. Bank clearings have more than trebled, and have reached the astounding figure of about one hundred and forty-five thousand millions. Our deposits in the savings banks have grown since 1880 from eight hundred to over three thousand millions of dollars, and the depositors from two millions three hundred thousand to eight millions.

Mr. President, here is an exhibit unequaled in the ancient, medieval, or modern world in everything which makes a nation great, prosperous, and powerful. This advance is without a parallel, and yet, for two months in every year it is retarded, partially paralyzed, and put in peril. Scientific methods in every department have increased beyond calculation. They have added immeasurably to the productiveness of farms and mines.

to the capacity of manufactories, and the facilities of our railroads and steamships. A compromise, makeshift, and unscientific system of finance retards our development at home and our equality abroad. The time has been ripe for years for reform, and the remedy should come as quickly and completely as is the testimony of its needs and the evidence of the ways and means for its accomplishment.

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